

# SB1056



## 102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB1056

Introduced 2/25/2021, by Sen. Don Harmon

### SYNOPSIS AS INTRODUCED:

40 ILCS 5/14-131

Amends the State Employee Article of the Illinois Pension Code. Makes a technical change in a Section concerning contributions by the State.

LRB102 04871 RPS 14890 b

PENSION IMPACT  
NOTE ACT MAY  
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by  
5 changing Section 14-131 as follows:

6 (40 ILCS 5/14-131)

7 Sec. 14-131. Contributions by State.

8 (a) The ~~The~~ State shall make contributions to the System  
9 by appropriations of amounts which, together with other  
10 employer contributions from trust, federal, and other funds,  
11 employee contributions, investment income, and other income,  
12 will be sufficient to meet the cost of maintaining and  
13 administering the System on a 90% funded basis in accordance  
14 with actuarial recommendations.

15 For the purposes of this Section and Section 14-135.08,  
16 references to State contributions refer only to employer  
17 contributions and do not include employee contributions that  
18 are picked up or otherwise paid by the State or a department on  
19 behalf of the employee.

20 (b) The Board shall determine the total amount of State  
21 contributions required for each fiscal year on the basis of  
22 the actuarial tables and other assumptions adopted by the  
23 Board, using the formula in subsection (e).

1           The Board shall also determine a State contribution rate  
2 for each fiscal year, expressed as a percentage of payroll,  
3 based on the total required State contribution for that fiscal  
4 year (less the amount received by the System from  
5 appropriations under Section 8.12 of the State Finance Act and  
6 Section 1 of the State Pension Funds Continuing Appropriation  
7 Act, if any, for the fiscal year ending on the June 30  
8 immediately preceding the applicable November 15 certification  
9 deadline), the estimated payroll (including all forms of  
10 compensation) for personal services rendered by eligible  
11 employees, and the recommendations of the actuary.

12           For the purposes of this Section and Section 14.1 of the  
13 State Finance Act, the term "eligible employees" includes  
14 employees who participate in the System, persons who may elect  
15 to participate in the System but have not so elected, persons  
16 who are serving a qualifying period that is required for  
17 participation, and annuitants employed by a department as  
18 described in subdivision (a) (1) or (a) (2) of Section 14-111.

19           (c) Contributions shall be made by the several departments  
20 for each pay period by warrants drawn by the State Comptroller  
21 against their respective funds or appropriations based upon  
22 vouchers stating the amount to be so contributed. These  
23 amounts shall be based on the full rate certified by the Board  
24 under Section 14-135.08 for that fiscal year. From March 5,  
25 2004 (the effective date of Public Act 93-665) through the  
26 payment of the final payroll from fiscal year 2004

1 appropriations, the several departments shall not make  
2 contributions for the remainder of fiscal year 2004 but shall  
3 instead make payments as required under subsection (a-1) of  
4 Section 14.1 of the State Finance Act. The several departments  
5 shall resume those contributions at the commencement of fiscal  
6 year 2005.

7 (c-1) Notwithstanding subsection (c) of this Section, for  
8 fiscal years 2010, 2012, and each fiscal year thereafter,  
9 contributions by the several departments are not required to  
10 be made for General Revenue Funds payrolls processed by the  
11 Comptroller. Payrolls paid by the several departments from all  
12 other State funds must continue to be processed pursuant to  
13 subsection (c) of this Section.

14 (c-2) For State fiscal years 2010, 2012, and each fiscal  
15 year thereafter, on or as soon as possible after the 15th day  
16 of each month, the Board shall submit vouchers for payment of  
17 State contributions to the System, in a total monthly amount  
18 of one-twelfth of the fiscal year General Revenue Fund  
19 contribution as certified by the System pursuant to Section  
20 14-135.08 of the Illinois Pension Code.

21 (d) If an employee is paid from trust funds or federal  
22 funds, the department or other employer shall pay employer  
23 contributions from those funds to the System at the certified  
24 rate, unless the terms of the trust or the federal-State  
25 agreement preclude the use of the funds for that purpose, in  
26 which case the required employer contributions shall be paid

1 by the State.

2 (e) For State fiscal years 2012 through 2045, the minimum  
3 contribution to the System to be made by the State for each  
4 fiscal year shall be an amount determined by the System to be  
5 sufficient to bring the total assets of the System up to 90% of  
6 the total actuarial liabilities of the System by the end of  
7 State fiscal year 2045. In making these determinations, the  
8 required State contribution shall be calculated each year as a  
9 level percentage of payroll over the years remaining to and  
10 including fiscal year 2045 and shall be determined under the  
11 projected unit credit actuarial cost method.

12 A change in an actuarial or investment assumption that  
13 increases or decreases the required State contribution and  
14 first applies in State fiscal year 2018 or thereafter shall be  
15 implemented in equal annual amounts over a 5-year period  
16 beginning in the State fiscal year in which the actuarial  
17 change first applies to the required State contribution.

18 A change in an actuarial or investment assumption that  
19 increases or decreases the required State contribution and  
20 first applied to the State contribution in fiscal year 2014,  
21 2015, 2016, or 2017 shall be implemented:

22 (i) as already applied in State fiscal years before  
23 2018; and

24 (ii) in the portion of the 5-year period beginning in  
25 the State fiscal year in which the actuarial change first  
26 applied that occurs in State fiscal year 2018 or

1           thereafter, by calculating the change in equal annual  
2           amounts over that 5-year period and then implementing it  
3           at the resulting annual rate in each of the remaining  
4           fiscal years in that 5-year period.

5           For State fiscal years 1996 through 2005, the State  
6           contribution to the System, as a percentage of the applicable  
7           employee payroll, shall be increased in equal annual  
8           increments so that by State fiscal year 2011, the State is  
9           contributing at the rate required under this Section; except  
10          that (i) for State fiscal year 1998, for all purposes of this  
11          Code and any other law of this State, the certified percentage  
12          of the applicable employee payroll shall be 5.052% for  
13          employees earning eligible creditable service under Section  
14          14-110 and 6.500% for all other employees, notwithstanding any  
15          contrary certification made under Section 14-135.08 before  
16          July 7, 1997 (the effective date of Public Act 90-65), and (ii)  
17          in the following specified State fiscal years, the State  
18          contribution to the System shall not be less than the  
19          following indicated percentages of the applicable employee  
20          payroll, even if the indicated percentage will produce a State  
21          contribution in excess of the amount otherwise required under  
22          this subsection and subsection (a): 9.8% in FY 1999; 10.0% in  
23          FY 2000; 10.2% in FY 2001; 10.4% in FY 2002; 10.6% in FY 2003;  
24          and 10.8% in FY 2004.

25          Beginning in State fiscal year 2046, the minimum State  
26          contribution for each fiscal year shall be the amount needed

1 to maintain the total assets of the System at 90% of the total  
2 actuarial liabilities of the System.

3 Amounts received by the System pursuant to Section 25 of  
4 the Budget Stabilization Act or Section 8.12 of the State  
5 Finance Act in any fiscal year do not reduce and do not  
6 constitute payment of any portion of the minimum State  
7 contribution required under this Article in that fiscal year.  
8 Such amounts shall not reduce, and shall not be included in the  
9 calculation of, the required State contributions under this  
10 Article in any future year until the System has reached a  
11 funding ratio of at least 90%. A reference in this Article to  
12 the "required State contribution" or any substantially similar  
13 term does not include or apply to any amounts payable to the  
14 System under Section 25 of the Budget Stabilization Act.

15 Notwithstanding any other provision of this Section, the  
16 required State contribution for State fiscal year 2005 and for  
17 fiscal year 2008 and each fiscal year thereafter, as  
18 calculated under this Section and certified under Section  
19 14-135.08, shall not exceed an amount equal to (i) the amount  
20 of the required State contribution that would have been  
21 calculated under this Section for that fiscal year if the  
22 System had not received any payments under subsection (d) of  
23 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
24 portion of the State's total debt service payments for that  
25 fiscal year on the bonds issued in fiscal year 2003 for the  
26 purposes of that Section 7.2, as determined and certified by

1 the Comptroller, that is the same as the System's portion of  
2 the total moneys distributed under subsection (d) of Section  
3 7.2 of the General Obligation Bond Act.

4 (f) (Blank).

5 (g) For purposes of determining the required State  
6 contribution to the System, the value of the System's assets  
7 shall be equal to the actuarial value of the System's assets,  
8 which shall be calculated as follows:

9 As of June 30, 2008, the actuarial value of the System's  
10 assets shall be equal to the market value of the assets as of  
11 that date. In determining the actuarial value of the System's  
12 assets for fiscal years after June 30, 2008, any actuarial  
13 gains or losses from investment return incurred in a fiscal  
14 year shall be recognized in equal annual amounts over the  
15 5-year period following that fiscal year.

16 (h) For purposes of determining the required State  
17 contribution to the System for a particular year, the  
18 actuarial value of assets shall be assumed to earn a rate of  
19 return equal to the System's actuarially assumed rate of  
20 return.

21 (i) (Blank).

22 (j) (Blank).

23 (k) For fiscal year 2012 and each fiscal year thereafter,  
24 after the submission of all payments for eligible employees  
25 from personal services line items paid from the General  
26 Revenue Fund in the fiscal year have been made, the



1 Comptroller shall provide to the System a certification of the  
2 sum of all expenditures in the fiscal year for personal  
3 services. Upon receipt of the certification, the System shall  
4 determine the amount due to the System based on the full rate  
5 certified by the Board under Section 14-135.08 for the fiscal  
6 year in order to meet the State's obligation under this  
7 Section. The System shall compare this amount due to the  
8 amount received by the System for the fiscal year. If the  
9 amount due is more than the amount received, the difference  
10 shall be termed the "Prior Fiscal Year Shortfall" for purposes  
11 of this Section, and the Prior Fiscal Year Shortfall shall be  
12 satisfied under Section 1.2 of the State Pension Funds  
13 Continuing Appropriation Act. If the amount due is less than  
14 the amount received, the difference shall be termed the "Prior  
15 Fiscal Year Overpayment" for purposes of this Section, and the  
16 Prior Fiscal Year Overpayment shall be repaid by the System to  
17 the General Revenue Fund as soon as practicable after the  
18 certification.

19 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;  
20 101-10, eff. 6-5-19.)